

Financial Projections

Assignment: Complete a three year financial pro forma for a business idea or present business. Your pro forma must include a start-up budget, monthly fixed costs, salaries and wages breakdown, projected sales forecast, three years of balance sheets, income statements, and cash flows, an analysis of your financial diagnosis, and a ratio and risk analysis. You may use the supplied financial projection spreadsheet but be sure to include all the requested supplements.

Your projections should include a cover sheet that gives a detail of assumptions with links or reference to what information the assumptions are based on.

Since the financial forecasts are based on your projected sales, it is important to show the connection to your sales and the market. Use marketing sizing, price comparison, cost structure, mark-up, market penetration and/or potential growth to justify your sales figures.

Identify what sources you used to define your expenses. They can be based on personal knowledge, but if so, you must state how you arrived at the numbers. Remember to be complete in your costs and expenses and include all areas.

Review your profit margin, net income. These numbers should reflect perhaps a slow growth for new businesses. Established businesses may show growth quicker. Be sure to explain any ordinarily low or high profit or net income. Is it reasonable?

Be sure that your cash flow stays positive or you have planned on using a line of credit for your cash shortfalls.

Summarize your projections and state why you believe these numbers to be a fair representation of the business's performance.

Show a detailed break-even analysis that identifies break-even in the number of units sold. Please submit a detailed break-even graph that identifies both the dollar and unit break-even.

You should also include a best case worst case scenario that you would have to create yourself.

Project can be submitted electronically or in printed hard copy. **Do not forget to include a cover sheet with the above information.**